

Message Text

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16

ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 AGR-10 CEA-01 CIAE-00 COME-00

DODE-00 FRB-01 H-02 INR-07 INT-05 L-02 LAB-04 NSAE-00

NSC-05 PA-02 RSC-01 AID-05 CIEP-02 SS-15 STR-04

TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01 FEA-01

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R 052211Z FEB 75

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 2977

INFO AMEMBASSYSAN JOSE

UNCLAS PANAMA 0753

E.O. 11652: N/A

TAGS: ETRD, EAGR, PN

SUBJECT: 1975 MEAT IMPORT PROGRAM

REF: STATE 282971

1. ECONOFF AND AGATT CALLED ON VICE MINISTER OF AGRICULTURAL DEVELOPMENT, GUSTAVO GONZALEZ, TO DISCUSS PROPOSED VOLUNTARY RESTRAINT AGREEMENT TRANSMITTED TO GOP VIA DIPLOMATIC NOTE NO. 2 ON JANUARY 6, 1975. VICE MINISTER HAD NOT YET BEEN OFFICIALLY CONTACTED BY FOREIGN MINISTRY, BUT SAID THAT LEADING EXPORTER HAD CALLED HIM ABOUT PROPOSED VRS LEVEL FOR PANAMA.

2. VICE MINISTER FELT THAT PREVIOUS SHARE (I.E. PERCENTAGE PANAMA HAD IN LAST VOLUNTARY RESTRAINT AGREEMENT) SHOULD BE MAINTAINED AND THAT ALLOWANCES SHOULD BE MADE FOR EXPANSION OF LOCAL CATTLE POPULATION AND RESULTANT LARGER EXPORT AVAILABILITY IN ANY NEW VOLUNTARY RESTRAINT AGREEMENT. HE CLAIMED THAT DECLINE IN EXPORTS IN YEARS FOLLOWING LAST AGREEMENT REFLECTED RETENTION OF CATTLE WITH THE OBJECTIVE OF INCREASING EXPORTS IN SUBSEQUENT YEARS. IT WAS EXPLAINED TO GONZALEZ

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THAT SHARES OF THE 1975 ESTIMATED MEAT IMPORT LEVEL WERE DETER-

MINED BY A MATHEMATICAL FORMULA AND THAT THE DEPARTMENT WAS MORE THAN WILLING TO DISCUSS THE 1975 PROGRAM WITH HIS EMBASSY IN WASHINGTON AND TO HEAR OUT THEIR POINTS OF OPPOSITION.

3. WHEN POINTED OUT TO GONZALEZ THAT THE PACKING PLANTS CONSIDER LOCAL PRICES TO BE MORE FAVORABLE THAN EXPORT PRICES, HE RESPONDED THAT THE PHYSICAL CAPACITY TO INCREASE EXPORTS EXISTS AND THAT IT WAS A POLICY DECISION WHETHER THESE EXPORTS SHOULD BE SUBSIDIZED TO BRIDGE THE DIFFERENCE BETWEEN LOCAL AND WORLD PRICES. EXPORTS OF BEEF ARE CURRENTLY BEING SUBSIDIZED ACCORDING TO GONZALEZ.

4. GONZALEZ SAID THAT HIS MINISTRY IS CURRENTLY IN THE PROCESS OF ESTIMATING 1975 CATTLE AVAILABILITIES AND PROMISED TO FORWARD TO THE EMBASSY THEIR ESTIMATE OF THE 1975 EXPORT AVAILABILITY AS SOON AS IT IS COMPLETED.

5. COMMENT: GONZALEZ AND THE MINISTRY OF AGRICULTURAL DEVELOPMENT ARE CURRENTLY IN A TRANSIENT STATE, BEING MOVED FROM PANAMA CITY TO THE INTERIOR CITY SANTIAGO AND IT IS UNDERSTANDABLE THAT HE HAS NOT YET BEEN CONSULTED ON THE PROPOSED VRS FOR PANAMA. HOWEVER, HIS PRO FORMA RESPONSE THAT PANAMA HAS NOT BEEN GIVEN A LARGE ENOUGH QUOTA MAY BE INDICATIVE OF THE OFFICIAL RESPONSE. CURRENT INDICATIONS ARE, HOWEVER, THAT AT LEAST FOR THE TIME BEING THERE APPEARS TO BE A GLUT OF SLAUGHTERABLE CATTLE ON THE LOCAL MARKET, A GLUT IN RELATION TO PRODUCERS' DESIRES OF NOT SEEING PRICES DIP BELOW THE OFFICIAL MAXIMUM PRICE OF \$25 CWT. WHICH THE PRODUCERS ALSO CONSIDER TO BE A DESIRABLE MINIMUM.

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